

UBuhlebezwe Municipality Draft Budget 2017/2018

COUNCIL MEETING

REPORT TO COUNCIL ON DRAFT BUDGET

Date : 30 March 2017

Levels : 1st Level: Council

1. Author : CFO; upm

2. PURPOSE

The purpose of this report is to seek approval from Council for the draft budgets for 2017/2018 financial year.

3. LEGAL / STATUTORY REQUIREMENTS

- Municipal Finance Management Act

4. AUTHORITY

- Council

5. BACKGROUND AND REASONING

The Municipal Finance Management Act states that the mayor of the municipality must table draft budget to council 90 days before the start of the financial year.

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The budget has been prepared and is funded appropriately.

Furthermore the municipality has prepared both A Schedules and MSCOA compliant budget, preparing for implementation by 1 July 2017.

The budget document is attached.

6. STAFF IMPLICATIONS

The document was prepared by the staff in the BTO.

7. FINANCIAL IMPLICATIONS

- Budget will be implemented in the 2017/2018 financial year

8. OTHER PARTIES CONSULTED

- Exco

9. RECOMMENDATIONS

- That Council approves the draft budget for 2017/2018 financial year for onward submission to National and Provincial Treasury as well as communities for comments.
- That council approves the 2017/2018 mScoa draft budget for onward submission to National and Provincial Treasury;

**SCHEDULE OF DRAFT ANNUAL BUDGET AND SUPPORTING
DOCUMENTATION OF**

UBUHLEBEZWE MUNICIPALITY

**2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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In the municipal buildings**

Municipal library and the website

www.Ubuhlebezwe.org.za

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MAYORAL BUDGET SPEECH

Part 1 –Draft Annual Budget

1. MAYORAL BUDGET SPEECH

- Mr Speaker, Cllr Z Mngonyama;
- Deputy Mayor, Cllr EB Ngubo
- Colleagues in the Executive Committee
- Chairperson to MPAC, Cllr Jili
- Fellow Councillors
- oNdabazitha/ Amakhosi
- All Distinguished Guests present;
- The entire Management led by the Municipal Manager
- Ladies and Gentleman, and everyone present Good day

I am very honoured to be presenting the draft budget for the year ending 30 June 2018 and the MTEF ending in 2020. I am elated to present this budget which is a tool in implementing our IDP.

Our country is face with tough economic times, with a very low economic growth, even close to non-existence. Ubuhlebezwe Municipality is not immune to this predicament. The limited resources which are required to finance the social needs, infrastructural needs, educational needs, security needs etc., of our country has led the government with no choice but to borrow money to finance the deficit in our national budget. This therefore means more expenditure in repayment of debt. We have noted with concern the decrease in our municipal allocation of conditional and unconditional grants.

Mr Speaker and council at large, the year 2017 also marks the year wherein, one of the greatest leaders, Oliver Reginald Tambo, would have turned one hundred (100) years had he been alive. O.R. Tambo was a selfless leader who fought for unity in diversity and the liberation of black people against white domination. As this council, we also celebrate with African National Congress and the world, the life of a great leader, a patriot and one of the people who worked with the National Action Committee to draft the freedom charter. It is unfortunate that he lost his life on the verge of democracy and never tasted the freedom that he so much fought for. Today we salute Oliver Reginald Tambo as Ubuhlebezwe Municipality.

Mr Speaker, we are gathered in this fashion to table the draft budget of Ubuhlebezwe Municipality for the year 2018 and three outer years. I am therefore

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presenting this budget as charged by the Municipal Finance Management Act as well as the Municipal Systems Act.

The budget is prepared according to the National Treasury guidelines, the budget reforms as well as circular 86 from National Treasury.

It is also important that this council notes the fact that we adopted the gazette as issued by National Government on the new business reforms in the form of mScoa. It is within this obligation that council is expected to produce budgets that are mScoa compliant with the implementation date being 1 July 2017. Any form of change is never easy; however the municipality has pushed to ensure compliance with the laws and regulations relevant to mScoa implementation. I am pleased to present an mScoa compliant budget albeit more work still needs to be done.

The budget I am presenting today is characterised by Operational and Capital Budget.

SUMMARY OF THE BUDGET

Operational Budget R141 214 768

Capital Budget R61 673 502

Total Budget R202 888 270

Funding the budget – Conditional and Unconditional grants

Description	Allocation 2017	Allocation 2018	Variance	Increase/Decrease
Equitable Share	R90 491 000	R95 443 000	R 4 954 000	↑
Electrification	R30 000 000	R20 000 000	(R10 000 000)	↓
Finance Management Grant	R 1 825 000	R 1 900 000	R 75 000	↑
EPWP	R 1 950 000	R 1 000 000	R 950 000	↓
Library Grant	R 559 000	R 583 000	R 24 000	↔

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Library Cyber	R 179 000	R 188 000	R 9 000	↔
MIG	R24 053 000	R27 330 000	R 3 277 000	↑

Mr Speaker, the municipality must tighten its belt and strategically allocate the scarce resources in order to try and meet the service delivery needs of the people of Ubuhebezwe. I am saying this considering the fact that Ubuhebezwe Municipality has fourteen wards due to demarcation as opposed to the twelve wards in the prior years.

The budget that I am presenting today is only a draft and will be adopted by this council in May after having been taken to the people of Ubuhebezwe for comments. Mr Speaker, Section 6(1) of the Municipal Systems Amendment Act states ***“a municipality’s administration is governed by the democratic values and principles embodied in section 195(1) of the Constitution”***.

Section 6(2) (a) further requires each municipality ***“to be responsive to the needs of local community and to facilitate a culture of public service and accountability amongst staff”***

The budget is presented in detail below as required by the MFMA and the Municipal Budget Regulations.

As council and management, it is our responsibility to ensure that the budget presented today is credible and implementable. It is through this kind of unity that the flag of Ubuhebezwe will be lifted. We are also not complacent and have put it upon ourselves to ensure that we “copy good things” from other institutions.

Mnumzana Mngonyama nendlu yonke, sengiyivala inkulumo yami, ngizovala ngamazwieqhawe lenkululeko yethu, umnu O.R. Tambo; njengoba sigubha iminyaka eyikhulu azalwa u Mnu Oliver Reginald “Kaizana” Tambo. Amazwi ache athi: “It is our responsibility to break down barriers of division and create a country where there will be neither whites nor blacks, just South Africans, free and united in diversity”

Ngiyabonga

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1.2 Council Resolutions 5

The Council of Ubuhlebezwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- *That the annual budget of the municipality for the financial year 2017/2018 ; and indicative allocations for the two projected outer years 2018/2019 and 2019/2020 and related policies be approved, as set out in the following schedules and annexure:*

6.1	Budget summary	A1 Sum	
6.2	Budgeted financial performance (revenue and expenditure by standard classification)	A2 FinPerf	
6.3	Budgeted financial performance (revenue and expenditure by municipal vote)	A3 FinPerf	
6.4	Budgeted financial performance (revenue and expenditure)	A4 FinPerf	
6.5	Budgeted capital expenditure by vote, standard classification and funding	A5 CapEx	
6.6	Budgeted financial position	A6 FinPos	
6.7	Budgeted cash flows	A7 CFlow	
6.8	Cash backed reserves/accumulated surplus reconciliation	A8 ResRecon	
6.9	Asset management	A9 Asset	
6.10	Basic service delivery measurement	A10 SerDel	

1.3 EXECUTIVE SUMMARY

1.3.1 Introduction

This 2016 to 2020 Tabled Medium Term Revenue and Expenditure Framework(MTREF) Budget Report deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposal to ensure that Ubuhlebezwe Municipality renders services to their local community in a financially sustainable manner.

1.3.2 Past performance

Ubuhlebezwe Municipality has now attained Clean audit reports for the past consecutive four years. The clean audit is directly aligned to performance and service delivery. The good results positively reflect service delivery improvements as well as good financial management. Good performance reflects a positive image of Ubuhlebezwe leadership in rendering its services, transparency and equally its ability to render services to the community at large.

1.3.3 Financial Sustainability

Financial sustainability over the long-term has to do with the maintenance of high priority expenditure programs, both operating and capital, to ensure program sustainability and desired quality of services to be rendered. There must also be rates and service charges stability and predictability in the overall rate burden by ensuring reasonable rates and service charges to fund programs.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

1.3.4 Budget Summary

The following table is a consolidated overview of the proposed 2017/2018 draft budget and medium term revenue and expenditure framework:

Table 1 Consolidated Overview of the 2017/2018

UBuhlebezwe Municipality Draft Budget 2017/2018

Choose name from list - Table A1 Budget Summary

Description R thousands	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	8 298	12 410	12 349	15 754	10 898	12 980	12 980	15 748	16 535	17 362
Service charges	1 272	1 478	1 454	1 991	1 691	1 878	1 618	1 991	2 090	2 195
Investment revenue	3 793	5 446	5 446	4 000	7 500	3 000	5 049	7 000	7 350	7 718
Transfers recognised - operational	71 011	80 757	80 757	95 039	95 039	90 100	80 100	99 114	104 070	109 273
Other own revenue	5 195	5 768	6 181	5 309	5 547	4 585	7 681	16 395	17 214	18 075
Total Revenue (excluding capital transfers and contributions)	89 568	105 859	106 186	122 092	120 674	112 543	107 428	140 247	147 259	154 622

Total operating revenue has increased by 14% from the adjustments budget of 2017/2018. The municipality has budgeted R11 million for the sale of land which has also contributed to the increase. Furthermore the Equitable Share has increased by R4million compared to the current year. Whilst this may sound as an increase, it must be noted that Ubuhebezwe Municipality inherited two wards from Umzumbe Municipality. This therefore means more wards to be serviced with the limited resources.

Total operating expenditure for the 2017/2018 financial year has been appropriated at R141 215 000 including Non-Cash Items of R20 900 000. This therefore translates into a surplus of R19 932 000, which effectively finances the capital expenditure. When compared to the 2015/2017 Adjustments Budget, operational expenditure has increased by R14 223 000 which is 11% of the adjustments budget. Whilst other operational grants, like the EPWP grant have decreased with almost 50%, the equitable share has increased by R4million contributing to the increase in operational expenditure.

The capital budget of R61 674 000 for 2017/2018 which is R5 301 000 less than the adjustments budget and further translates to a decrease of 7.9%. The budget is mainly funded by conditional grants with own revenue only set at 23% of the capital budget.

1.4 Operating Revenue Framework 8

For Ubuhebezwe Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding, hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is being reviewed for relevance and effectiveness. The municipality has also embarked on a stringent data cleansing to ensure that revenues due to the municipality are received and timeously. The municipality has seen significant improvements on revenue collection for the months of January and February 2017 due to this exercise. The strategy is built around the following key components:

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- National Treasury's guidelines and macroeconomic policy
- Efficient revenue management, which aims to ensure a 99 per cent annual collection rate for property rates and other key service charges,
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) MPRA,
- Increase ability to extend new services and recover costs
- The municipality's Indigent Policy and rendering of free basic services and
- Tariff policies of the Municipality

The following table is a summary of the 2017/2018 MTREF (classified by main revenue source):

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Choose name from list: Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	8 298	12 410	12 349	15 754	10 898	12 980	12 980	15 748	16 535	17 362
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 272	1 478	1 454	1 991	1 691	1 878	1 618	1 991	2 090	2 195
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		856	811	811	500	524	474	810	500	525	551
Interest earned - external investments		3 793	5 446	5 446	4 000	7 500	3 000	5 049	7 000	7 350	7 718
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		188	264	188	250	250	200	916	250	263	276
Licences and permits		3 234	3 507	3 507	3 560	3 560	3 020	3 452	3 595	3 775	3 963
Agency services		-	-	-	720	720	700	757	835	877	921
Transfers recognised - operational		71 011	80 757	80 757	95 039	95 039	90 100	80 100	99 114	104 070	109 273
Other revenue	2	917	1 186	1 675	279	493	191	1 744	11 215	11 775	12 364
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		89 568	105 859	106 186	122 092	120 674	112 543	107 428	140 247	147 259	154 622

The total operating revenue for 2017/2018 is R 140 247 000

- **Government Subsidies/ Grants**

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In line with the formats prescribed by Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus or deficit.

The table below reflects all government grants categorised per function.

Description	Allocation 2017	Allocation 2018	Variance	Increase/ Decrease
<i>CAPITAL GRANTS</i>				
Electrification	R30 000 000	R20 000 000	(R10 000 000)	↓
MIG	R24 053 000	R27 330 000	R 3 277 000	↑
<i>TOTAL</i>	<i>R54 053 000</i>	<i>R47 330 000</i>	<i>R 6 723 000</i>	↓
<i>OPERATIONAL GRANTS</i>				
Equitable Share	R90 491 000	R95 443 000	R 4 954 000	↑
Finance Management Grant	R 1 825 000	R 1 900 000	R 75 000	↑
EPWP	R 1 950 000	R 1 000 000	(R 950 000)	↓

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Library Grant	R 559 000	R 583 000	R 24 000	↔
Library Cyber	R 179 000	R 188 000	R 9 000	↔
TOTAL	R95 004 000	R99 114 000	R4 088 024	↑

Grants remain the largest revenue source.

- Property Rates**

The municipality has resolved to increase the rates and service charges by 5%. This led to the budget for rates to be R 15 748 000 for the 2017/2018 financial year. The municipality has effected this increase notwithstanding the fact that the budget for rates was adjusted downwards during the current financial year. The revenue collection strategies and data cleansing is reflecting a positive feedback, which invariable so, means more revenue collection. The municipality will implement a new valuation roll effective from the 1 July 2018.

Comparison of proposed rates to levied for the 2017/2018 financial year

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	8 298	12 410	12 349	15 754	10 898	12 980	12 980	15 748	16 535	17 362

The amounts reflected above are after considering revenue forgone and rebates.

- Refuse / Service Charges**

This refers to refuse removal income that the municipality collects as budgeted. The proposed budget for services amounted to R 1 990 710 for 2017/2018.

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The municipality is also cognisant of the fact that the budget for refuse was adjusted downwards during the current financial year. However the revenue collection improvements are a core reason for the budget to be set at R1.9million.

Below is a revenue collection chart which reflects billed amounts versus cash collected:

2016 - 2017 Collection Rate							
	M T D						Y T D
	July	August	November	December	January	February	Total
Receipts	160 657,54	342 931,97	419 281,84	335 879,35	658 404,64	623 179,51	3 907 599,80
Rates	6 933 607,75	790 866,46	803 432,77	798 751,12	798 751,12	789 751,12	12 501 578,41
Collection Rate	2,32%	43,36%	52,19%	42,05%	82,43%	78,91%	31,26%
Receipts	64 853,25	88 445,83	86 342,88	81 042,18	134 210,39	140 924,26	793 751,11
Refuse	143 242,08	143 348,31	146 668,83	146 987,52	149 330,42	149 351,97	1 166 922,06
Collection Rate	45,28%	61,70%	58,87%	55,14%	89,87%	94,36%	68,02%
Receipts	36 771,26	39 884,83	38 841,28	47 386,70	61 738,15	40 794,71	320 047,98
Rentals	47 907,48	47 907,48	48 175,00	48 416,22	59 392,22	59 392,22	407 540,62
Collection Rate	76,75%	83,25%	80,63%	97,87%	103,95%	68,69%	78,53%
Total Rec	262 282,05	471 262,63	544 466,00	464 308,23	854 353,18	804 898,48	5 021 398,89
Total Billing	7 124 757,31	982 122,25	998 276,60	994 154,86	1 007 473,76	998 495,31	14 076 041,09
Total Rate	3,68%	47,98%	54,54%	46,70%	84,80%	80,61%	35,67%

The municipality's tariff of refuse collection is not cost reflective, due to affordability of the community as well as unemployment rate within the municipal area. The section is therefore run at a loss and funded by the municipal funds.

An increase of 5% on tariffs has been used across the board.

Choose name from list - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	8 290	12 410	12 349	15 754	10 898	12 980	12 980	15 748	16 535	17 362
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Investment revenue	3 793	5 446	5 446	4 000	7 500	3 000	5 049	7 000	7 350	7 718
Transfers recognised – operational	71 011	80 757	80 757	95 039	95 039	90 100	80 100	99 114	104 070	109 273
Other own revenue	5 195	5 768	6 181	5 309	5 374	4 585	7 681	16 395	17 214	18 075
Total Revenue (excluding capital transfers and contributions)	89 568	105 859	106 186	122 092	120 501	112 543	107 428	140 247	147 259	154 622

Comparison between current waste removal fees and increases

REFUSE REMOVAL	2016/17	2017/2018
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Small Business	R 833.45	R875.12
Big Business	R 2 428.70	R2 550.14
Residential	R 121.10	R127.15
Welfare	R 25.79	R27.04
Fairview and other low cost housing projects	R 25.79	R27.04
Garden Refuse Removal per load	R 181.26	R190.32
Builder's Waste	R 196.13	R205.94
Purchases of Refuse Bins, each	Cost + 10%	Cost + 10%
Refuse Containers / Skip Bins: (Supply once off, per container)	per agreement	
Removal per month	per agreement	
For the processing of any application received for the disposal of domestics refuse in those cases where disposal is undertaken by the owner into bylaws 2(2)		
Solid Waste Bylaws	R 533.94	R 560.64
Recovery of enforcement costs in terms of bylaw 22(4)	Actual cost	Actual cost

- **Rental**

This refers to rental for municipal facilities, the municipality budgeted the amount of R 489 280.

- **Traffic Fines**

Traffic Fines budget remains at R 250 000.

- **Interest on Investments**

This refers to funds invested by the municipality on various institutions, for less than one year, we have budgeted an amount of R 7 500 000, reduced from R 7 000 000.

- **Licence and Permit**

The Municipality has budgeted to collect R 3 500 000 from Licence and Permit.

- **Agency Services**

The Municipality has budgeted to collect R 800 000 from Agency Services.

1.5 Operating Expenditure Framework 11

The total operating expenditure for 2017/2018 financial year has been appropriated at R141 215 000. The Municipality's expenditure framework for the 2017/18 budget is informed by the following:

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- Balanced budget constraint(operating expenditure should not exceed operating revenue)unless there are existing uncommitted cash-backed reserves to fund any deficit
- Funding of the over the medium-term as informed by Section 18 and 19 of the MFMA,
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Expenditure by Source Table

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type											
Employee related costs	2	-	-	41 192	60 566	56 496	55 135	55 135	64 857	68 100	71 505
Remuneration of councillors		6 893	7 180	7 180	9 855	9 855	7 068	7 068	9 855	10 348	10 865
Debt impairment	3	4 835	5 218	5 218	1 900	1 900	1 300	1 300	1 900	1 995	2 095
Depreciation & asset impairment	2	16 421	12 610	16 627	19 000	19 000	18 000	15 328	19 000	19 950	20 948
Finance charges		101	57	57	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2 762	2 339	2 762	2 994	3 349	4 311	3 252	3 501	3 676	3 860
Contracted services		1 864	4 405	4 962	6 484	6 286	6 073	3 666	6 686	7 020	7 371
Transfers and grants		1 935	1 115	1 514	4 435	3 935	2 465	1 644	4 221	4 432	4 654
Other expenditure	4, 5	20 699	21 959	21 959	29 462	29 593	29 430	28 554	31 194	32 754	34 392
Loss on disposal of PPE		375	3 095	3 095	-	-	-	-	-	-	-
Total Expenditure		55 885	57 980	104 567	134 696	130 415	123 783	115 949	141 215	148 276	155 689
Surplus/(Deficit)		33 683	47 879	1 619	(12 604)	(9 913)	(11 240)	(8 521)	(968)	(1 016)	(1 067)
Transfers recognised - capital		28 052	60 238	60 238	58 280	62 882	42 659	42 659	47 478	49 852	52 344
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278

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- **Employee Related Costs**

This refers to the salaries and benefits paid to employees, currently the municipality has tentatively budgeted 6% for salary increases. The proposed total cost to employer amount to R64 857 000. This amount excludes the Councilors Remuneration which is R9 855 000. The amount of employee related costs also includes new position that were previously not funded in the budget but approved in the Municipality's organogram.

- **Provision for doubtful debts.**

The provision of debt impairment was determined based on an annual collection rate. For the 2017/2018 financial year this amount equates to R1 900 000. While this expenditure is considered to be non-cash item, it informed the cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

- **Depreciation**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the rate asset consumption. Budget appropriations in this regard total R19 000 000 for the 2017/2018 financial year and equates to 8 per cent of the total operating expenditure.

- **Repairs and Maintenance**

In line with repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure assets. The amount of R 3 501 000 has been budgeted for 2017/2018.

- **Contracted Services**

The budget of R 6 686 000 has been set aside for contracted services, this refers to lease payable for printing and photocopying machines that municipality is using, security, car tracker, Insurance ect.

- **Transfers and Grants/ Free Basic Services**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The budget of R 4 221 000 has been set aside.

- **Other Expenditure**

Other expenditure is the general expenditure incurred by the municipality for its operations, the amount of R31 194 000 is projected.

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Community Development Programmes/Projects

PROGRAMMES	2016/2017	2017/2018
Bursary Youth	600 000	600 000
Disaster Management	250 000	
Grant in aid	10 000	10 000
Marketing and Tourism	60 000	295 000
Moral Generation	120 000	120 000
Performing Arts	320 000	570 000
Back To School	15 000	0
Arts and Culture	250 000	0
Gender Development	300 000	0
Youth Programs	200 000	200 000
HIV/AIDS Awareness	150 000	200 000
Ward Committee	1 235 000	1 300 000
Public Participation	150 000	150 000
LED Projects	1 500 000	1 500 000
Stakeholders forum	50 000	50 000
Garden Manure and Tree	100 000	32 000
Community upliftment		300 000

The above “soft project” are budgeted for in the operational budget.

1.6 Capital expenditure

Capital expenditure funding is funded by grants which is an amount of R27 330 000 from MIG and R20 000 000 for Electrification from COGTA respectively. Other expenditure of R14 195 524 is funded from internally generated funds.

Summary of Capital Expenditure

MIG	R 27 330 000
Electrification	R 20 000 000
Internal Funded	R 14 195 524
Total	R61 673 502

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Capital Expenditure	
Infrastructure - Road transport MIG	22 674 546,60
Sports Fields & Stadiums	5 575 848,20
General vehicles	2 150 000,00
Plant & Equipment	350 000,00
Office & IT Equipment	1 231 500,00
Office Furniture	623 800,00
Other Buildings	962 808,00
Intangible	710 000,00
ELECTRIFICATION PROJECTS	20 000 000,00
Other Assets	7 395 000,00
TOTAL	61 673 502,80

1.7 Annual Budget Tables-

1.7.1 Explanatory notes to MBRR Table A1-Budget Summary for 2017/2018 Financial year.

- Table A1 is a budget summary and provides a concise overview of Ubuhlebezwe Local Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. The Budget Summary provides the key information in this regard;
 - Transfer recognised is reflected on the Financial Performance Budget
 - Internally generated funds are financed from a combination of the operating surplus and accumulated cash-backed surplus from previous years. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The municipality is committed to provide free basic services to the needy community. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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KZN434 Ubuhebezwe - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	12,949	12,349	13,124	15,754	10,898	12,980	12,980	15,748	16,535	17,362
Service charges	1,478	1,464	1,682	1,991	1,691	1,878	1,618	1,991	2,090	2,195
Investment revenue	3,793	5,446	6,873	4,000	7,500	3,000	5,049	7,000	7,350	7,718
Transfers recognised - operational	71,012	74,057	90,246	95,039	95,039	90,100	80,100	99,114	104,070	109,273
Other own revenue	5,464	6,257	6,774	5,309	5,374	4,585	7,681	16,395	17,214	18,075
Total Revenue (excluding capital transfers and contributions)	94,696	99,573	118,698	122,092	120,501	112,543	107,428	140,247	147,259	154,622
Employee costs	34,716	41,192	48,780	60,566	56,496	55,135	55,135	64,857	68,100	71,505
Remuneration of councillors	6,893	7,180	7,554	9,855	9,855	7,068	7,068	9,855	10,348	10,865
Depreciation & asset impairment	14,540	16,606	18,743	19,000	19,000	18,000	15,328	19,000	19,950	20,948
Finance charges	101	57	17	-	-	-	-	-	-	-
Materials and bulk purchases	2,762	2,339	2,930	2,994	3,349	4,311	3,252	3,501	3,676	3,860
Transfers and grants	1,115	841	1,840	4,435	3,935	2,465	1,644	4,221	4,432	4,654
Other expenditure	30,315	35,919	38,122	37,846	37,780	36,803	33,520	39,780	41,769	43,858
Total Expenditure	90,442	104,134	117,985	134,696	130,415	123,783	115,949	141,215	148,276	155,689
Surplus/(Deficit)	4,254	(4,561)	713	(12,604)	(9,913)	(11,240)	(8,521)	(988)	(1,016)	(1,067)
Transfers recognised - capital	28,052	65,554	83,549	58,280	62,882	42,659	42,659	47,478	49,852	52,344
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	32,306	60,993	84,262	45,675	52,969	31,419	34,138	46,510	48,836	51,278
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	32,306	60,993	84,262	45,675	52,969	31,419	34,138	46,510	48,836	51,278
Capital expenditure & funds sources										
Capital expenditure	34,998	68,457	91,839	65,912	70,745	13,318	13,318	61,674	64,757	67,995
Transfers recognised - capital	31,484	64,838	85,221	54,706	54,706	11,735	11,735	47,330	49,697	52,181
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3,513	3,619	6,618	11,207	16,039	1,582	1,582	14,344	15,061	15,814
Total sources of capital funds	34,998	68,457	91,839	65,912	70,745	13,318	13,318	61,674	64,757	67,995
Financial position										
Total current assets	77,572	95,088	95,088	101,087	67,952	54,655	-	103,888	109,061	114,515
Total non current assets	214,785	263,160	263,160	296,461	250,528	434,904	-	324,715	340,950	357,998
Total current liabilities	20,250	23,947	23,947	20,668	15,789	4,862	-	10,747	11,284	11,849
Total non current liabilities	5,706	5,543	5,543	5,543	4,346	4,346	-	5,543	5,820	6,111
Community wealth/Equity	266,402	328,758	328,758	370,336	298,345	281,808	-	412,293	432,908	454,553
Cash flows										
Net cash from (used) operating	43,559	84,951	113,371	100,709	100,709	70,530	70,530	66,310	69,626	73,107
Net cash from (used) investing	(34,998)	(68,457)	(91,839)	(65,912)	(70,745)	(88,188)	(88,188)	(61,674)	(64,757)	(67,995)
Net cash from (used) financing	(219)	(558)	(272)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	66,100	81,970	103,230	87,969	83,136	35,514	35,514	57,809	62,678	67,790
Cash backing/surplus reconciliation										
Cash and investments available	66,033	81,970	81,970	87,969	57,880	44,584	-	77,969	81,867	85,961
Application of cash and investments	19,530	20,919	19,040	(1,718)	(15,024)	(4,949)	-	(11,911)	(12,506)	(13,131)
Balance - surplus (shortfall)	46,503	61,051	62,930	89,687	72,904	49,532	-	89,879	94,373	99,092
Asset management										
Asset register summary (WDV)	214,785	255,287	317,784	296,461	177,324	114,619	272,751	272,751	169,703	170,424
Depreciation & asset impairment	14,540	16,606	18,743	19,000	19,000	18,000	19,000	19,000	19,950	20,948
Renewal of Existing Assets	-	-	-	1,106	968	-	-	8,439	8,861	9,304
Repairs and Maintenance	2,762	2,339	2,930	2,994	3,349	-	3,501	3,501	3,598	3,778
Free services										
Cost of Free Basic Services provided	-	-	-	65	-	-	65	65	68	72
Revenue cost of free services provided	-	-	-	6,535	7,450	4,375	6,535	6,535	6,862	7,205
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	1	-	-	1	1	1	1

1.7.2 Explanatory notes to MBRR Table A2-Budgeted Financial Performance (revenue and expenditure by standard classification)

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Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into its functional areas. Municipal revenue, operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Standard	1									
<i>Governance and administration</i>		77 044	89 125	89 125	112 405	111 114	92 683	131 432	138 003	144 904
Executive and council		25	10	10	-	-	-	-	-	-
Budget and treasury office		76 088	88 128	88 128	112 155	110 840	90 798	123 182	129 341	135 808
Corporate services		931	987	987	250	274	1 885	8 250	8 663	9 096
<i>Community and public safety</i>		4 098	4 952	4 952	4 797	4 797	5 431	4 830	5 071	5 325
Community and social services		577	737	737	1 022	1 022	741	1 055	1 107	1 163
Sport and recreation		63	384	384	-	-	-	-	-	-
Public safety		3 406	3 773	3 773	3 775	3 775	4 691	3 775	3 964	4 162
Housing		51	58	58	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		40 010	70 970	70 970	61 180	65 696	50 497	49 473	51 947	54 544
Planning and development		30 200	62 413	62 413	58 415	62 931	48 883	47 613	49 994	52 493
Road transport		9 810	8 557	8 557	2 765	2 765	1 614	1 860	1 953	2 051
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 596	1 464	1 464	1 991	1 777	1 618	1 991	2 090	2 195
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 596	1 464	1 464	1 991	1 777	1 618	1 991	2 090	2 195
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	122 748	166 511	166 511	180 372	183 383	150 229	187 725	197 111	206 967
Expenditure - Standard										
<i>Governance and administration</i>		60 631	65 439	65 439	81 554	78 871	65 090	83 692	87 876	92 270
Executive and council		13 496	14 980	14 980	22 614	22 080	18 942	23 193	24 353	25 571
Budget and treasury office		24 893	28 218	28 218	37 525	36 200	28 192	37 566	39 445	41 417
Corporate services		22 241	22 241	22 241	21 414	20 590	17 955	22 932	24 079	25 283
<i>Community and public safety</i>		15 785	16 274	16 274	23 014	21 503	31 567	25 101	25 041	26 293
Community and social services		6 921	6 921	6 921	9 123	8 519	22 138	9 652	10 135	10 641
Sport and recreation		625	625	625	672	672	920	723	759	797
Public safety		7 873	7 873	7 873	12 039	11 422	7 759	13 474	14 148	14 855
Housing		366	855	855	1 181	891	750	1 252	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		15 794	16 266	16 266	21 624	21 475	91 749	22 285	23 399	24 569
Planning and development		10 615	10 615	10 615	13 732	14 104	17 720	13 694	14 379	15 098
Road transport		5 179	5 651	5 651	7 892	7 371	74 029	8 591	9 021	9 472
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4 862	6 176	6 176	8 505	8 566	5 896	10 137	10 644	11 176
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 862	6 176	6 176	8 505	8 566	5 896	10 137	10 644	11 176
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	97 071	104 154	104 154	134 696	130 415	194 302	141 215	146 961	154 309
Surplus/(Deficit) for the year		25 677	62 356	62 356	45 675	52 968	(44 073)	46 510	50 151	52 658

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1.7.3 Explanatory notes to MBRR Table A3-Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure. This means it is possible to present the operating surplus or deficit of a vote. The table shows the analysis of the surplus or deficit

Choose name from list - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Executive and Council		25	10	10	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		76 088	88 128	88 128	112 155	110 840	90 798	123 182	129 341	135 808
Vote 3 - CORPORATE SERVICES		931	987	987	250	274	1 885	8 250	8 663	9 096
Vote 4 - COMMUNITY AND SOCIAL SERVICES		577	737	737	1 022	1 022	741	1 055	1 107	1 163
Vote 5 - SPORTS AND RECREATION / PARKS		63	384	384	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		3 406	3 773	3 773	3 775	3 775	4 691	3 775	3 964	4 162
Vote 7 - HOUSING		51	58	58	-	-	-	-	-	-
Vote 8 - PLANNING AND DEVELOPMENT		2 260	1 789	1 789	135	135	6 224	135	142	149
Vote 9 - ROADS TRANSPORT		37 750	69 181	69 181	61 045	65 647	44 273	49 338	51 805	54 395
Vote 10 - WASTE MANAGEMENT		1 596	1 464	1 464	1 991	1 691	1 618	1 991	2 090	2 195
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	122 748	166 511	166 511	180 372	183 383	150 229	187 725	197 111	206 967
Expenditure by Vote, to be appropriated	1									
Vote 1 - Executive and Council		13 496	14 980	14 980	22 614	22 080	18 942	23 193	24 353	25 571
Vote 2 - BUDGET AND TREASURY		24 893	28 218	28 218	37 525	36 200	28 192	37 566	39 445	41 417
Vote 3 - CORPORATE SERVICES		17 881	22 241	22 241	21 414	20 590	17 955	22 932	24 079	25 283
Vote 4 - COMMUNITY AND SOCIAL SERVICES		6 446	6 921	6 921	9 123	8 519	22 138	9 652	10 135	10 641
Vote 5 - SPORTS AND RECREATION / PARKS		565	625	625	672	672	920	723	759	797
Vote 6 - PUBLIC SAFETY		5 993	7 873	7 873	12 039	11 422	7 759	13 474	14 148	14 855
Vote 7 - HOUSING		366	855	855	1 181	891	750	1 252	1 315	1 381
Vote 8 - PLANNING AND DEVELOPMENT		7 047	6 418	6 418	7 311	7 209	10 015	7 205	7 566	7 944
Vote 9 - ROADS TRANSPORT		8 893	9 848	9 848	14 313	14 266	81 734	15 080	15 834	16 625
Vote 10 - WASTE MANAGEMENT		4 862	6 176	6 176	8 505	8 566	5 896	10 137	10 644	11 176
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	90 441	104 154	104 154	134 696	130 415	194 302	141 215	148 276	155 689
Surplus/(Deficit) for the year	2	32 306	62 356	62 356	45 675	52 969	(44 073)	46 510	48 836	51 278

1.7.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is estimated at R140 247 000 in 2017/2018. Out of that revenue is an amount of R15 748 000 which is estimated to be collected from property rates.

Transfers recognised-operating includes the local government equitable share and other grants from national and provincial government. It is noted that the grants remains a significant and high funding source for the municipality.

UBuhlebezwe Municipality Draft Budget 2017/2018

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	8 298	12 410	12 349	15 754	10 898	12 980	12 980	15 748	16 535	17 362
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 272	1 478	1 454	1 991	1 691	1 878	1 618	1 991	2 090	2 195
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		856	811	811	500	524	474	810	500	525	551
Interest earned - external investments		3 793	5 446	5 446	4 000	7 500	3 000	5 049	7 000	7 350	7 718
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		188	264	188	250	250	200	916	250	263	276
Licences and permits		3 234	3 507	3 507	3 560	3 560	3 020	3 452	3 595	3 775	3 963
Agency services		-	-	-	720	720	700	757	835	877	921
Transfers recognised - operational		71 011	80 757	80 757	95 039	95 039	90 100	80 100	99 114	104 070	109 273
Other revenue	2	917	1 186	1 675	279	320	191	1 744	11 215	11 775	12 364
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		89 568	105 859	106 186	122 092	120 501	112 543	107 428	140 247	147 259	154 622
Expenditure By Type											
Employee related costs	2	-	-	41 192	60 566	56 496	55 135	55 135	64 857	68 100	71 505
Remuneration of councillors		6 893	7 180	7 180	9 855	9 855	7 068	7 068	9 855	10 348	10 865
Debt impairment	3	4 835	5 218	5 218	1 900	1 900	1 300	1 300	1 900	1 995	2 095
Depreciation & asset impairment	2	16 421	12 610	16 627	19 000	19 000	18 000	15 328	19 000	19 950	20 948
Finance charges		101	57	57	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2 762	2 339	2 762	2 994	3 349	4 311	3 252	3 501	3 676	3 860
Contracted services		1 864	4 405	4 962	6 484	6 286	6 073	3 666	6 686	7 020	7 371
Transfers and grants		1 935	1 115	1 514	4 435	3 935	2 465	1 644	4 221	4 432	4 654
Other expenditure	4, 5	20 699	21 959	21 959	29 462	29 593	29 430	28 554	31 194	32 754	34 392
Loss on disposal of PPE		375	3 095	3 095	-	-	-	-	-	-	-
Total Expenditure		55 885	57 980	104 567	134 696	130 415	123 783	115 949	141 215	148 276	155 689
Surplus/(Deficit)		33 683	47 879	1 619	(12 604)	(9 913)	(11 240)	(8 521)	(968)	(1 016)	(1 067)
Transfers recognised - capital		28 052	60 238	60 238	58 280	62 882	42 659	42 659	47 478	49 852	52 344
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		61 735	108 117	61 858	45 675	52 969	31 419	34 138	46 510	48 836	51 278

1.7.5 Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital programme is funded by grants, donations where necessary and internally generated funds.
- Ubuhlebezwe's capital budget is mainly funded by grants with MIG and DoE (Electrification) being the highest funders. It must also be noted that the electrification project is budgeted for under capital expenditure simply because whilst the project is still work in progress is becomes capital in nature; however as soon as the project is transferred to the home owners, it then gets transferred to operational expenditure.

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Choose name from list - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION / PARKS		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 8 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROADS TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		1 200	1 464	1 464	900	1 113	83	83	910	956	1 003
Vote 2 - BUDGET AND TREASURY		-	15 377	15 377	350	350	5 045	5 045	330	347	364
Vote 3 - CORPORATE SERVICES		-	24 339	24 339	1 020	1 347	150	150	2 670	2 804	2 944
Vote 4 - COMMUNITY AND SOCIAL SERVICES		5 500	94 394	94 394	18 174	19 264	24	24	5 302	5 568	5 846
Vote 5 - SPORTS AND RECREATION / PARKS		-	-	-	-	-	-	-	3 713	3 899	4 094
Vote 6 - PUBLIC SAFETY		-	2 292	2 292	1 000	1 100	250	250	-	-	-
Vote 7 - HOUSING		-	67	67	-	-	-	-	-	-	-
Vote 8 - PLANNING AND DEVELOPMENT		-	271	271	-	-	-	-	1 950	2 048	2 150
Vote 9 - ROADS TRANSPORT		22 007	141 212	141 212	44 469	47 571	397	397	46 797	49 137	51 594
Vote 10 - WASTE MANAGEMENT		-	3 701	3 701	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		28 707	283 117	283 117	65 912	70 745	5 949	5 949	61 674	64 757	67 995
Total Capital Expenditure - Vote		28 707	283 117	283 117	65 912	70 745	5 949	5 949	61 674	64 757	67 995
Capital Expenditure - Standard											
Governance and administration		1 200	41 180	41 180	2 270	2 810	5 278	5 278	3 910	4 106	4 311
Executive and council		1 200	1 464	1 464	900	1 113	83	83	910	956	1 003
Budget and treasury office		-	15 377	15 377	350	350	5 045	5 045	330	347	364
Corporate services		-	24 339	24 339	1 020	1 347	150	150	2 670	2 804	2 944
Community and public safety		5 500	96 601	96 601	19 174	20 364	1 423	1 423	10 516	11 042	11 594
Community and social services		5 500	94 382	94 382	18 174	19 264	1 423	1 423	10 516	11 042	11 594
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	2 152	2 152	1 000	1 100	-	-	-	-	-
Housing		-	67	67	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		22 007	141 634	141 634	44 469	47 571	6 617	6 617	47 247	49 610	52 090
Planning and development		-	284	284	-	-	-	-	450	473	496
Road transport		22 007	141 351	141 351	44 469	47 571	6 617	6 617	46 797	49 137	51 594
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	3 701	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	3 701	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	28 707	283 117	279 416	65 912	70 745	13 318	13 318	61 674	64 757	67 995
Funded by:											
National Government		16 580	222 189	222 189	24 706	24 706	11 735	11 735	47 330	49 697	52 181
Provincial Government		3 200	16 039	16 039	30 000	30 000	-	-	148	155	163
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	(0)	(0)	-	-	-	-	-	-	-
Transfers recognised - capital	4	19 780	238 228	238 228	54 706	54 706	11 735	11 735	47 478	49 852	52 344
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	477	477	-	-	-	-	-	-	-
Internally generated funds		8 927	44 412	44 412	11 207	16 039	1 582	1 582	14 196	14 905	15 651
Total Capital Funding	7	28 707	283 117	283 117	65 912	70 745	13 318	13 318	61 674	64 757	67 995

1.7.6 Explanatory notes to Table A6-Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position(balance sheet)

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- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version.
- Any movement on the budgeted financial performance or the capital budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end.
- Table SA3 provides a detailed analysis of the major components of a number of items, including
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provisions non current
 - Change in net assets,
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets on the municipality belong to the community.

KZN434 Ubuhebezwe - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		1,934	3,212	3,212	4,000	15,796	2,500	–	4,000	4,200	4,410
Call investment deposits	1	64,100	78,758	78,758	83,969	42,084	42,084	–	73,969	77,667	81,551
Consumer debtors	1	5,674	8,001	8,001	8,001	7,288	7,288	–	20,782	21,821	22,912
Other debtors		1,265	1,446	1,446	1,446	2,784	2,784	–	1,446	1,519	1,594
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	4,600	3,671	3,671	3,671	–	–	–	3,671	3,855	4,047
Total current assets		77,572	95,088	95,088	101,087	67,952	54,655	–	103,868	109,061	114,515
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		13,026	12,814	12,814	12,814	17,586	17,586	–	12,814	13,454	14,127
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	201,279	249,465	249,465	281,726	229,812	414,188	–	310,980	326,529	342,856
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		480	881	881	921	3,130	3,130	–	921	967	1,015
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		214,785	263,160	263,160	295,461	250,528	434,904	–	324,715	340,950	357,998
TOTAL ASSETS		292,357	358,248	358,248	396,548	318,480	489,559	–	428,583	450,012	472,512
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	406	282	282	182	430	430	–	430	451	474
Consumer deposits		–	–	–	–	–	–	–	–	–	–
Trade and other payables	4	19,844	23,665	23,665	20,487	15,360	4,432	–	10,317	10,833	11,375
Provisions		–	–	–	–	–	–	–	–	–	–
Total current liabilities		20,250	23,947	23,947	20,668	15,789	4,862	–	10,747	11,284	11,849
Non current liabilities											
Borrowing		454	63	63	63	488	488	–	63	66	69
Provisions		5,252	5,480	5,480	5,480	3,857	3,857	–	5,480	5,754	6,042
Total non current liabilities		5,706	5,543	5,543	5,543	4,346	4,346	–	5,543	5,820	6,111
TOTAL LIABILITIES		25,956	29,490	29,490	26,211	20,135	9,208	–	16,290	17,104	17,960
NET ASSETS	5	266,402	328,758	328,758	370,336	298,345	480,352	–	412,293	432,908	454,553
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		266,028	328,384	328,384	369,963	297,971	281,434	–	411,919	432,515	454,141
Reserves	4	374	374	374	374	374	374	–	374	392	412
TOTAL COMMUNITY WEALTH/EQUITY	5	266,402	328,758	328,758	370,336	298,345	281,808	–	412,293	432,908	454,553


1.7.7 Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Cash and cash equivalent totals R57 231 000 as at the end of the 2017/2018.

The municipality holds short term investments. The total investments as at 28 February 2017 totaled R133 303 243. Unspent grants as at 28 February 2017 equaled to R24 273 363 leaving cash and cash equivalents available at 28 February 2017 at R109 029 880. The fixed cost per month is estimated at R7million.

Investment Register:

<div> <div>UBUHLEBEZWE MUNICIPALITY</div> <div>2016 - 2017 Financial Year</div> <div>2017 02 Investment Register</div>  </div>									
Institution	Acc Type	Maturity Date	Interest Rate (%)	Deposits (Withdrawals)	Accumulated Investment	Interest Earned	Interest Accrued	% Per Invest	% Invested Per Bank
ABSA Bank - Small Town Rehab.	3 Months - Fixed Deposit	01-Mar	7,40		785 305,52	160 475,78	154,90	0,01	0,26
ABSA Bank - Small Town Rehab.	1 Month - Fixed Deposit	11-Mar	7,20		11 803 039,18	568 452,88	30 309,56	0,09	
ABSA Bank - Electrification	1 Month - Fixed Deposit	08-Mar	7,20		11 338 889,27	554 547,52	29 117,65	0,09	
ABSA Bank	Account closed	29-Jul	7,20		-	-	-	-	
ABSA Bank	3 Months - Fixed Deposit	19-Mar	7,45		10 439 357,36	439 357,36	18 559,18	0,08	
First National Bank - Equit. Share	Call Account	29-Mar	3,15		5 599 076	198 075,69	595,53	0,04	0,22
First National Bank - Equit. Share	Call Account	07-Mar	2,55		630 797	17 299,41	1 482,80	0,00	
First National Bank - Equit. Share	14 days - Call Account	08-Mar	4,25		6 180 987	167 945,87	4 623,04	0,05	
First National Bank - Equit. Share	3 Months - Fixed Deposit	10-Mar	6,76		5 914 327	660 970,41	14 534,66	0,04	
First National Bank - Equit. Share	3 Months - Fixed Deposit				5 000 000		44 342,47	0,04	
NED Bank	1 Month - Fixed Deposit	22-Mar	7,20		5 227 207	227 207,27	-	0,04	0,08
NED Bank	3 Months - Fixed Deposit	20-Mar	7,50	-5 000 000,00	5 377 169	377 168,99	47 196,49	0,04	
NED Bank	7881 0767 63 /100							-	
STD Bank - Equit. Share	1 Month - Fixed Deposit	06-Mar	2,50		12 922	1 702,64	58,45	0,00	0,17
STD Bank - Equit. Share	3 Months - Fixed Deposit	20-Mar	7,73		10 387 918	387 917,66	30 783,53	0,08	
STD Bank - Equit. Share	1 Month - Fixed Deposit	15-Mar	7,78		12 110 755	548 835,91	88 491,46	0,09	
STD Bank - Equit. Share	Account closed	13-Mar	7,25		13 645	291 770,76	37,98	0,00	
Investec - Equit. Share	3 Months - Fixed Deposit	24-Mar			5 101 064	101 063,76	30 421,55	0,04	0,11
Investec - Equit. Share		24-Apr			10 111 252	111 251,51	60 226,85	0,08	
Nthala Bank - Equit. Share	3 Months - Fixed Deposit	16-Mar	7,55		6 083 030	337 550,00	11 399,43	0,05	0,16
Nthala Bank	1 Month - Fixed Deposit	20-Mar	7,50		5 289 845	227 639,58	35 391,24	0,04	
Nthala Bank	1 Month - Fixed Deposit	20-Mar	7,50		5 193 680	193 680,47	2 134,39	0,04	
Nthala Bank			7,72		5 000 000		86 164,38	0,04	
				-5 000 000,00	127 600 265	5 572 913,47	536 025,54	0,96	1,00
First National Bank	Current Account	28-Feb			5 702 978	33 869	5 606 782	0,04	
Cash and Cash Equivalent				-5 000 000,00	133 303 243	11 179 696		1,00	

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KZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		12,949	12,949	13,124	41,225	41,225	10,524	10,524	15,748	16,535	17,362
Service charges		1,478	1,454	1,682	3,493	3,493	1,521	1,521	1,991	2,090	2,195
Other revenue		1,186	1,675	6,774	9,469	9,469	6,065	6,065	16,395	17,214	18,075
Government - operating	1	20,108	88,419	101,441	95,039	95,039	90,100	90,100	99,114	104,070	109,273
Government - capital	1	28,052	60,238	64,291	58,280	58,280	64,291	64,291	47,330	49,697	52,181
Interest		3,793	5,446	6,873	7,000	7,000	3,000	3,000	7,000	7,350	7,718
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(24,008)	(83,716)	(80,813)	(109,361)	(109,361)	(102,506)	(102,506)	(116,094)	(121,898)	(127,993)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	(1,514)	-	(4,435)	(4,435)	(2,465)	(2,465)	(5,173)	(5,432)	(5,703)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43,559	84,951	113,371	100,709	100,709	70,530	70,530	66,310	69,626	73,107
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(34,998)	(68,457)	(91,839)	(65,912)	(70,745)	(88,188)	(88,188)	(61,674)	(64,757)	(67,995)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(34,998)	(68,457)	(91,839)	(65,912)	(70,745)	(88,188)	(88,188)	(61,674)	(64,757)	(67,995)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(286)	(558)	(272)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(219)	(558)	(272)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		8,342	15,937	21,260	34,796	29,963	(17,658)	(17,658)	4,637	4,869	5,112
Cash/cash equivalents at the year begin:	2	57,758	66,033	81,970	53,172	53,172	53,172	53,172	53,172	57,809	62,678
Cash/cash equivalents at the year end:	2	66,100	81,970	103,230	87,969	83,136	35,514	35,514	57,809	62,678	67,790

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	67,567	170,182	194,184	214,505	214,505	175,501	175,501	187,577	196,956	206,804
Total payments	(59,006)	(153,687)	(172,652)	(179,709)	(184,542)	(193,159)	(193,159)	(182,940)	(192,087)	(201,692)
	8,561	16,495	21,532	34,796	29,963	(17,658)	(17,658)	4,637	4,869	5,112
Borrowings & investments & c.deposits	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	(286)	(558)	(272)	-	-	-	-	-	-	-
	8,275	15,937	21,260	34,796	29,963	(17,658)	(17,658)	4,637	4,869	5,112
	67	-	-	-	-	-	-	-	(0)	-

1.7.8 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded

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- As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 MTREF the end objective of the medium framework was to ensure the budget is funded aligned to section 18 of the MFMA.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/2018 MTREF is funded

Choose name from list - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	91 060	106 930	81 970	98 528	57 880	(17 658)	(2 957)	57 231	61 492	65 967
Other current investments > 90 days		(25 027)	(24 960)	(0)	(10 559)	-	62 241	2 957	20 738	20 375	19 994
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		66 033	81 970	81 970	87 969	57 880	44 584	-	77 969	81 867	85 961
Application of cash and investments											
Unspent conditional transfers		11 900	14 169	14 169	10 169	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	5 739	6 878	7 000	(11 888)	(1 118)	(4 949)	-	(11 911)	(12 506)	(13 131)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		17 639	21 048	21 170	(1 718)	(1 118)	(4 949)	-	(11 911)	(12 506)	(13 131)
Surplus(shortfall)		48 394	60 922	60 800	89 687	58 998	49 532	-	89 879	94 373	99 092

1.7.9 Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality is working towards meeting both of these recommendations but the budget for Ubuhlebezwe is adequate to secure the ongoing health of the municipality's infrastructure.
- Ubuhlebezwe municipality has resolved to utilize internal staff when renewing assets where feasible. This has also reduced the cost of renewal of assets whilst assets are still being renewed. This was done in order to ensure that assets are renewed whilst lesser budget is allocated towards renewal. The cost of renewal is therefore embedded in the salaries of staff members.

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KZN434 Ubuhebezwe - Table A9 Asset Management

R 434 Summary - Table A: Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	34,998	66,915	91,839	64,806	64,806	-	53,235	55,896	58,691
Infrastructure - Road transport		18,633	57,046	16,774	9,801	9,801	-	13,610	14,291	15,006
Infrastructure - Electricity		-	-	56,255	30,000	30,000	-	24,700	25,935	27,232
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	7,092	750	-	-	-	-	-	-
Infrastructure		18,633	64,138	73,779	39,801	39,801	-	38,310	40,226	42,237
Community		9,052	-	11,524	21,577	18,412	-	5,724	6,010	6,311
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	295	-	-	-	-	-	-
Other assets	6	7,175	2,777	6,240	3,328	6,492	-	8,690	9,125	9,581
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		138	-	-	100	100	-	510	536	562
Total Renewal of Existing Assets	2	-	-	-	1,106	968	-	8,439	8,861	9,304
Infrastructure - Road transport		-	-	-	-	-	-	8,339	8,756	9,194
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	8,339	8,756	9,194
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	1,106	968	-	100	105	110
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		18,633	57,046	16,774	9,801	9,801	-	21,949	23,047	24,199
Infrastructure - Electricity		-	-	56,255	30,000	30,000	-	24,700	25,935	27,232
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	7,092	750	-	-	-	-	-	-
Infrastructure		18,633	64,138	73,779	39,801	39,801	-	46,649	48,982	51,431
Community		9,052	-	11,524	21,577	18,412	-	5,724	6,010	6,311
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	295	-	-	-	-	-	-
Other assets	6	7,175	2,777	6,240	4,434	7,460	-	8,790	9,230	9,691
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		138	-	-	100	100	-	510	536	562
TOTAL CAPITAL EXPENDITURE - Asset class	2	34,998	66,915	91,839	65,912	65,774	-	61,674	64,757	67,995
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	20,400	225,390	95,453	75,345	75,345	15,543	75,345	25,345	25,345
Infrastructure - Electricity		36,182	1,541	77,668	84,383	57,286	54,383	84,383	84,383	84,383
Infrastructure - Water		-	-	-	80	80	80	80	80	80
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	7,092	695	-	-	-	-	-	-
Infrastructure		56,582	234,024	173,816	159,808	132,711	70,007	159,808	109,808	109,808
Community		76,895	-	90,374	99,209	23,897	23,897	99,209	45,474	45,474
Heritage assets		2,849	4,792	4,792	-	-	-	-	-	-
Investment properties		13,026	12,814	12,814	12,814	17,586	17,586	12,814	13,454	14,127
Other assets		64,953	2,777	35,108	22,710	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		480	881	881	921	3,130	3,130	921	967	1,015
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	214,785	255,287	317,784	295,461	177,324	114,619	272,751	169,703	170,424
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		14,540	16,606	18,743	19,000	19,000	18,000	19,000	19,950	20,948
Repairs and Maintenance by Asset Class	3	2,762	2,339	2,930	2,994	3,349	-	3,501	3,598	3,778
Infrastructure - Road transport		2,762	2,339	2,930	750	750	-	825	788	827
Infrastructure - Electricity		-	-	-	120	220	-	150	158	165
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		2,762	2,339	2,930	870	970	-	975	945	992
Community		-	-	-	-	700	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	2,124	1,679	-	2,526	2,653	2,785
TOTAL EXPENDITURE OTHER ITEMS		17,302	18,945	21,673	21,994	22,349	18,000	22,501	23,548	24,725
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	1.7%	1.5%	0.0%	13.7%	13.7%	13.7%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	5.8%	5.1%	0.0%	44.4%	44.4%	44.4%
R&M as a % of PPE		1.4%	0.9%	0.9%	1.1%	1.5%	0.0%	1.1%	1.1%	1.1%
Renewal and R&M as a % of PPE		1.0%	1.0%	1.0%	1.0%	2.0%	0.0%	4.0%	7.0%	8.0%

1.7.10 Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:
- The number of household registered for indigent in 2017/2018 is expected to increase therefore entitled to receiving Free Basic Services, this is covered by municipality's equitable share.

PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.
- The budget is further interrogated by the Executive Committee, Finance

Committee and Management Committee during a strategic planning session.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The details of all revenue, operational expenditure and capital expenditure which are aligned to the goals and action plans in the Integrated Development Plan are outlined in the supporting documentation **S4 to S6**

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Borrowing Management

The municipality currently does not have external borrowings. The municipality's credit worthiness has not been assessed; however there are no plans to utilize this facility in the next two years

Debtors and Creditor's Management

Creditors are paid twice a month in order to cater for SMME's and in order to avoid late payments thereby incurring interests.

The Credit Control and Debt collection policy was adopted in order to tighten up debt collection. Furthermore, the municipality utilizes services of debt collectors to collect from all defaulting debtors.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

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The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- Credit Control and debts Collection policies
- Asset Management Policy
- Budget Policy
- Supply Chain Management Policy
- Virement Policy
- Cash Management and Investment Policy
- Property Rate Policy
- Indigent Policy

All the above policies are available on the municipality's website.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The Draft budget was prepared in accordance with guidelines and assumptions as outlined in Municipal Budget and Reporting Regulations, taking into consideration the following aspects:

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of revised DORA.
- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services

2.6 OVERVIEW OF BUDGET FUNDING

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from grant funding. Other funding is derived from Property rates, drivers licences, investments, rentals and operating and capital grants and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipal area and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels such as Town planning.

2.7 ANNUAL BUDGETS AND SDBIPs –INTERNAL DEPARTMENT

2.8 CONTRACTS HAVING BUDGETARY IMPLICATIONS

The municipality does not have contracts that go beyond the current Draft budget year and the two outer years.

In terms of the municipality's supply chain management policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the bid evaluation and adjustment committees must obtain formal financial comments from the Financial Management Division of the Budget and Treasury Office Department.

2.9 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed interns undergoing training in various divisions of the Financial Services Department.

- **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

- **Audit Committee**

An Audit Committee has been established and is fully functional.

- **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

Budget and Treasury Department
